

Exhibit 3



● CLAIMS ADMINISTRATION ● ADJUSTERS ● INVESTIGATORS

6400 S. Fiddler's Green Circle, Suite 1950 Englewood, Colorado 80111 Phone: 720-529-9344 Fax: 720-529-9345

March 22, 2006

Mr. Frank Restivo
English Brothers Funeral Home
2201 Avenue Z,
Brooklyn, NY 11235.

VIA REGISTERED AND US MAIL

RE: *Vito Bruno, as Administrator of the Estate of Michael Bruno, and Vito Bruno, Individually, v. English Brothers Funeral Home, Biomedical Tissue Services, Ltd., Michael Mastromarino and Joseph Nicelli, Supreme Court of New York, County of Kings, Index 31715/2005.*

Insured: English Brothers Funeral Home
Claimant: Vito Bruno
Policy #: 3XZ170623-01, eff. 08-01-2002 to 08-01-2003
Insurer: Specialty National Insurance Company
Our Claim #: 169LX070023
Date of Loss: May 22, 2003

Mattie Kogut, as administrator of the Estate of Danette Kogut, and Mattie Kogut individually, v. English Brothers Funeral Home, Biomedical Tissue Services, Ltd., Michael Mastromarino and Joseph Nicelli, Supreme Court, County of Kings, New York, Index #33691-2005.

Insured: English Brothers Funeral Home
Claimant: Mattie Kogut
Policy No.: 3XZ170623-01
Insurer: Specialty National Insurance Company
Our File: 169DX070035, eff. 08-01-2002 to 08-01-2003
Date of Loss: February 21, 2001

Dear Mr. Restivo:

Network Adjusters, Inc. is the authorized claim administrator for Specialty National Insurance Company, a Kemper Company. For the reasons set forth below, Specialty National Insurance Company must reserve all of its rights under the Policy No. 3XZ170623-01, effective 08-01-2002 to 08-01-2003.

Specialty National Insurance Company issued Policy No. 3XZ170623-01, effective 08-01-2002 to 08-01-2003 with policy limits of . There are two coverages contained within your liability policy

with potential application to this matter, the Business Owners Liability Coverage Form, BP 00 06 01 97, and the Death Care Services Professional Liability Coverage, BP 132 (12/00).

The insuring agreement found on page one of the Business Owners Liability Coverage Form, BP 00 06 01 97 states in relevant part:

A. Coverages

1. Business Liability

a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury", "property damage", "personal injury" or "advertising injury" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury", "property damage", "personal injury", or "advertising injury" to which this insurance does not apply... No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Coverage Extension – Supplementary Payments.

b. This insurance applies:

(1) To "bodily injury" and "property damage" only if:

(a) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory"; and

(b) The "bodily injury" or "property damage" occurs during the policy period.

(2) To:

(a) "Personal injury" caused by an offense arising out of your business, excluding advertising, publishing, broadcasting or telecasting done by or for you;

(b) "Advertising injury" caused by an offense committed in the course of advertising your goods, products or services;

but only if the offense was committed in the "coverage territory" during the policy period.

The terms in quotations are separately defined by the policy. The definitions relevant to the insuring agreement in Form No. BP 00 06 01 97 are as follows:

1. "Advertising injury" means injury arising out of one or more of the following offenses:

- a. Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;*
- b. Oral or written publication of material that violates a person's right of privacy;*
- c. Misappropriation of advertising ideas or style of doing business; or*
- d. Infringement of copyright, title or slogan.*

3. "Bodily Injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.

12. "Occurrence" means an accident, including continuous or repeated exposure to substantially, the same general harmful conditions.

13. "Personal injury" means injury, other than "bodily injury", arising out of one or more of the following offenses:

- a. False arrest, detention or imprisonment;*
- b. Malicious prosecution;*
- c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, by or on behalf of its owner, landlord or lessor;*
- d. Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;*
or
- e. Oral or written publication of material that violates a person's right of privacy.*

15. "Property damage" means:

- a. Physical injury to tangible, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or*
- b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the "occurrence" that caused it.*

There is no grant of coverage under the Business Owners Liability Coverage Form, BP 00 06 01 97 because the damages alleged do not constitute "personal injury", "property damage", or "advertising injury" as defined by the Policy. In addition, there may be no claim for "bodily injury". More importantly, however, with respect to "bodily injury" and "property damage", the complaint does not allege an "occurrence". Therefore, there is no grant of coverage under the Business Owners' Liability Coverage Form, BP 00 06 01 97.

Even if there was a grant of coverage for this matter under the BP 00 06 01 97 (which Specialty National Insurance Company denies), there are also exclusions contained in the BP 00 06 01 97 which apply to limit coverage available for this loss. On page 3 of Form No. BP 00 06 01 97, it

states in relevant part:

B. Exclusions

1. Applicable to Business Liability Coverage

This insurance does not apply to:

a. Expected or Intended Injury

"Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.

b. Contractual Liability

"Bodily injury" or "property damage" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:

(1) That the insured would have in the absence of the contract or agreement; or

(2) Assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. Solely for the purposes of liability assumed in an "insured contract", reasonable attorney fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of "bodily injury" or "property damage", provided:

(a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and

(b) Such attorney fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

j. Professional Services

"Bodily injury", "property damage", "personal injury", or "advertising injury" due to rendering or failure to render any professional service. This includes but is not limited to:

(1) Legal, accounting or advertising services;

(2) Preparing, approving, or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications;

- (3) Supervisory, inspection or engineering services;
- (4) Medical, surgical, dental, x-ray or nursing services treatment, advice or instruction;
- (5) Any health or therapeutic service treatment, advice or instruction;
- (6) Any service, treatment, advice or instruction for the purpose of appearance or skin enhancement, hair removal or replacement or personal grooming;
- (7) Optometry or optical or hearing aid services including the prescribing, preparation, fitting, demonstration or distribution of ophthalmic lenses and similar products or hearing aid devices;
- (8) Body piercing services; and
- (9) Services in the practice of pharmacy; but this exclusion does not apply to an insured whose operations include those of a retail druggist or drugstore.

p. Personal Or Advertising Injury

"Personal injury" or "advertising injury":

...(3) Arising out of the willful violation of a penal statute or ordinance committed by or with the consent of the insured;

Based upon our discussion with you and review of the complaint, exclusion B.1.a. bars coverage for "bodily injury" or "property damage" arising out of allegations of intentional acts by you. Exclusion B.1.b. potentially applies to this complaint to bar the plaintiff's breach of contract claims. Exclusion B.1.j. bars coverage for this matter because the suit arises out of your rendering or failing to render professional services. Finally, exclusion B.1.p.(3) bars any coverage for "personal injury" or "advertising injury" arising out of willful violation of a penal statute or ordinance that is done by or with the consent of the insured. Therefore, even if there was "personal injury" or "advertising injury" alleged in the complaint, there would be no coverage for such claims to the extent that you willfully violated any statute with respect to this matter.

Your Policy also contains Form No. BOP 132 (12/00) DEATH CARE SERVICES PROFESSIONAL LIABILITY COVERAGE. This is a separate coverage from Form No. BP 00 06 01 97 BUSINESS OWNERS LIABILITY COVERAGE FORM discussed above.

The insuring agreement of the BOP 132 (12/00) states in relevant part:

1. Insuring Agreement.

- a. We will pay those sums that the insured becomes legally obligated to pay as damages because of a "professional incident" to which this insurance applies. No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under SUPPLEMENTARY PAYMENTS...*
- b. Damages because of a "professional incident" include damages claimed by any*

person or organization for care, loss of services or death resulting at any time from the "professional incident."

The terms in quotations are separately defined by Form No. BOP 312 (12/00). The term "professional incident" is defined as follows:

6. *"Professional incident" means:*

a. *Any professional malpractice, error or mistake which:*

(1) *Causes:*

(a) *Bodily injury, sickness, disease, death or mental anguish, including resulting loss of services, or*

(b) *Injury to, or destruction of property of others which is not in the insured's care, custody or control, including resulting loss of use, and which*

(2) *Arises out of, with respect to a "deceased human body":*

(a) *Embalming;*

(b) *Handling or disposition;*

(c) *Care, custody or control;*

(d) *Burial, disinterment or removal;*

(e) *A memorial service conducted by the insured, whether or not a body is present; or*

(f) *Injury to, or destruction of such body; or interference with the right of burial.*

b. *Any performance or nonperformance of an "insured contract," but only with respect to resulting mental anguish;*

c. *Injury to, or destruction of, property to be used for the care or burial of a "deceased human body":*

(1) *Such as urns, caskets (including linings, fittings, and cases), crypts or mausoleums; and*

(2) *Which: (a) Belong to others; (b) Are in the care, custody or control of the insured; and (c) Are not rented to the insured; or held by the insured on consignment prior to sale.*

There appears to be a grant of coverage under Form No. BOP 132 (12/00) for this suit. However, the grant of coverage is subject to limitations set forth in the exclusions. On page one of Form No. BOP 132 (12/00), exclusions are listed. The exclusion with application to the loss as alleged in the complaint states as follows:

2. *Exclusions.*

This insurance does not apply to:

a. Any claim in connection with which an insured has knowingly:

(1) Violated any law or ordinance; or

(2) Committed any criminal act.

This exclusion does not apply to an act:

(1) Done in good faith; or

(2) When requested by a public official who appears to have authority to require or permit such an act.

The allegations of the complaint suggest that one or more laws or ordinances have been deliberately violated by you. If the facts should show that there was a knowing violation of a law or ordinance with respect to the handling of human remains, there would be no coverage for the damages and associated lawsuit.

The complaint also seeks punitive or exemplary damages. Your policy contains endorsement no. BOP 115 (12/00) PUNITIVE OR EXEMPLARY DAMAGE EXCLUSION. The endorsement states as follows:

In consideration of the premium charged, it is agreed that this policy shall not apply to a claim of, or indemnification for, punitive or exemplary damages, or any damages awarded pursuant to statute in the form of a double, treble, or other multiple damages in excess of compensatory damages.

If "suit" is brought against any insured for a claim falling within coverage provided under the policy, seeking both compensatory and punitive or exemplary damages, then we will afford a defense to such action; however, we will have no obligation to pay for any costs, interest, or damages attributable to punitive or exemplary damages.

Pursuant to this endorsement, English Brothers Funeral Home will be responsible for payment of any punitive or exemplary damages award made against it.

Specialty National Insurance Company is not obligated to pay any damages that may be awarded for any claims that fall outside of the insuring agreements, definitions or conditions of the policy, or which may otherwise be excluded by the terms of the policy or its endorsement.

There may be other reasons why coverage may not apply, but we are not aware of all of the facts that may affect coverage at this time. Our failure to state other reasons shall not constitute a waiver or estoppel of any rights that Specialty National Insurance Company has to assert additional coverage defenses in the future. We will investigate this matter to determine whether or not coverage will apply. However, a final determination may not be possible until after a trial of the case on the merits. It may also be necessary to seek guidance from the court with respect to determining whether

coverage will apply. We reserve the right on behalf of Specialty National Insurance Company to file a declaratory judgment action or similar action at any time for this purpose, if we deem it necessary. Specialty National Insurance Company also reserves the right to withdraw the defense if the facts indicate that there is no duty to defend you under the Policy. If the plaintiff files a revised or different suit then we reserve the right to revise or amend this reservation of rights to reflect any new allegations.

No act of Network Adjusters, acting of behalf of Specialty National Insurance Company, shall be construed as an admission of liability or coverage. None of our actions shall be construed as admission of coverage or serve as a waiver or forfeiture of any of the terms, conditions, exceptions or endorsements that may apply to the subject policy. If there are any questions about this reservation of rights, please contact the undersigned.

Sincerely,

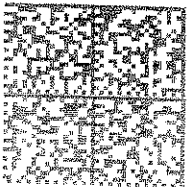
A handwritten signature in cursive script that reads "Greg M. Cornell". The signature is written in dark ink and is positioned above the typed name.

Greg M. Cornell
General Adjuster
303-221-9676 (direct)
877-533-1211 ext. 676
gcornell@networkadjusters.com

for the file
per HSP

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NETWORK
ADJUSTERS, INC
6400 SOUTH FIDDLERS GREEN CIRCLE, SUITE 1950
ENGLEWOOD, CO 80111

11235+2803-01 C053
11235+2803-01 C053